



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY MANAGER

**File #:** 19-248

Board Meeting Date: 3/26/2019

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors  
**From:** Michael Callagy, County Manager  
**Subject:** McCarthy Agreement Change Order Authority Increase

**RECOMMENDATION:**

Adopt a resolution authorizing the Director of the Project Development Unit or his/her designee to execute amendments and/or change orders to the Construction Management Agreement with McCarthy Building Companies, Inc., which will modify the County's maximum fiscal obligation by no more than \$4,600,000 in aggregate and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.

**BACKGROUND:**

On October 20, 2015, this Board adopted Resolution 074125, authorizing execution of a design-build agreement with McCarthy Building Companies, Inc. (McCarthy) for the design and construction of the Regional Operations Center (ROC), in an amount not to exceed \$31,000,000. On November 21, 2017, the Board adopted Resolution 075575, authorizing change orders to the Agreement in amount not to exceed \$3,100,000. This Resolution would authorize an additional \$1,500,00 in change orders to the Agreement, for a new not to exceed change order amount of \$4,600,000.

In June 2016, the County issued a construction Notice to Proceed. Since that time, McCarthy has completed demolition of existing buildings, removal of underground storage tanks, site remediation, ground improvement, installation of structural steel, exterior glazing and curtain wall, framing and finishes, roof and rooftop installation, and the majority of the mechanical, electrical, and plumbing work. Substantial completion of the project is scheduled for June 2019.

**DISCUSSION:**

Due to certain unforeseen site conditions, changes required by authorities having jurisdiction, and several essential owner-elected improvements, the Project Development Unit (PDU) has issued approximately \$3,078,186 in change orders to the original design-build contract. Significant unforeseen site conditions encountered on the project include location of additional underground fuel storage tanks and substantial deposits of soil in need of excavation, testing, remediation, and/or removal. Significant changes mandated by authorities having jurisdiction include street and sidewalk

improvements at Winslow Street, offsite utility modifications, and interior level fire separation. Owner-elected improvements include upgrades to the exterior skin of the building, radio, and telecom, and interior architectural layout modifications.

In addition to the foregoing, the PDU has approved, pending this Board's authorization of this Resolution, change requests in the amount of \$825,275 for additional work performed by McCarthy. The work is comprised of, among other things, essential security improvements to the patio wall, superstructure design testing confirmation, improvements to the generators, and revisions to complete the audio-visual and landscape contract scope.

Through this resolution, the PDU is requesting that the Board approve an addition of \$1,500,000 to the change order authority grant to cover the costs of the known and reasonably anticipated future change orders. In the event, additional authority is required to resolve outstanding Project claims and/or to complete the project, the PDU will return to the Board for additional authorization.

County Counsel has reviewed and approved the resolution as to form.

Approval of these actions will contribute to the Shared Vision 2025 outcome of Collaborative and Safe Community by advancing this project that will provide regional benefits to San Mateo County residents.

**FISCAL IMPACT:**

Funding is provided in the ROC \$64,500,000 project budget funded by Measure K. The funding is included in the FY 2018-19 Adopted Budget and will roll into additional fiscal years as needed. There will be no change to Net County Cost.